

Attn: [REDACTED]

5 SEP 1982

EIN: [REDACTED]

Dear Applicant:

This is in reply to your Form 1023, Application for Recognition of Exemption under Section 501(c)(3) of the Internal Revenue Code.

You have submitted a Constitution that is signed only by your President. You have not submitted any other document showing that you are an association of persons under state law.

Your primary activity is to arrange plane, theater and bus trips for the members of a particular church and for the interested general public. You distribute announcements concerning the nature, dates, and prices of the trips, and coordinate the efforts of travel agents to arrange the trips throughout the year. You pay your annual net profit to a specific church, which is attended by many of the persons taking your trips. In [REDACTED], you had gross income of \$[REDACTED], a net profit of \$[REDACTED], and contributed \$[REDACTED] to the specific church.

You also provide [REDACTED] scholarship grants of \$[REDACTED] each payable directly to the student grantees. However, you have not indicated how you determine financial need and/or academic merit in support of the awarding of such grants.

Section 501(c)(3) of the Code provides for the exemption from federal income tax of nonprofit organizations organized and operated exclusively for religious, charitable and/or educational purposes.

Section 1.501(c)(3)-1(b)(2) of the Income Tax Regulations concerning the organizational test of section 501(c)(3) of the Code provides that an organization's articles of organization may be a trust instrument, corporate charter, articles of association, or any other written instrument by which an organization is created.

Section 1.501(c)(3)-1(e)(1) of the regulations indicates that an organization operated for the primary purpose of carrying on an unrelated business is not exempt under section 501(c)(3) of the Code.

Section 502(a) of the Code provides that an organization operated for the primary purpose of carrying on a business for profit shall not be exempt from federal income tax pursuant to section 501 on the ground that all of its profits are payable to one or more organizations exempt from tax under section 501.

Revenue Ruling 78-43, 1978-1 C.B. 164, holds that the arranging of travel tours on a regular basis constitutes an unrelated business rather than an exempt activity under section 501(c)(3) of the Code.

Revenue Ruling 77-366, 1977-2 C.B. 192, holds that an organization is not operated exclusively for religious purposes where it also conducts social activities as more than an insubstantial part of its activities.

Revenue Ruling 55-449, 1955-2 C.B. 599, indicates that an organization whose primary activity is to make sales on a regular basis in order to raise money for a church does not qualify for exemption under section 501(c)(3) of the Code.

Revenue Ruling 66-103, 1966-1 C.B. 134, provides that it is an exempt activity under section 501(c)(3) of the Code to award scholarship grants based upon a student's financial need.

Revenue Ruling 69-257, 1969-1 C.B. 151, provides that it is an exempt activity under section 501(c)(3) of the Code to award scholarship grants based upon a student's outstanding academic merit.

Based upon the information submitted, we conclude that you do not qualify for exemption from federal income tax as an exclusively religious, charitable and/or educational organization. First, in regard to section 1.501(c)(3)-1 (e)(1) of the regulations, section 502(a) of the Code and Revenue Rulings 78-43 and 55-449, you are engaged primarily in an unrelated business of arranging travel tours for interested individuals. Second, under Revenue Ruling 77-366, you are engaged in social rather than religious activities, as more than an insubstantial part of your activities. Third, your organizing instrument is adopted by only one person and thus does not establish under section 1.501(c)(3)-1(b)(2) of the regulations that your organizing instrument is one by which any association or other organization has been created. Fourth, you have not indicated that your scholarships are granted on the basis of information evaluated for financial need and/or academic merit, as required under Revenue Rulings 66-103 and 69-257.

Accordingly, we rule that you are not exempt from federal income tax pursuant to section 501(c)(3) of the Code. Therefore, contributions to you are not deductible by donors under section 170, and you are required to file a federal income tax return.

You have the right to protest this ruling if you believe that it is incorrect. To protest you should submit a statement of your views with a full explanation of your reasoning. This statement must be submitted within 21 days from the date of this letter and must be signed by one of your principal officers. You also have a right to a conference at this office after your statement is submitted. If you desire a conference, you must request it when you

[REDACTED]

file your protest statement. If you are to be represented by someone who is not one of your principal officers, he must file a proper power of attorney and otherwise qualify under our Conference and Practice Requirements.

If you send our office a protest statement with respect to this case, you can expedite our receipt by placing the following symbols on the envelope: OP:ERO:T:R:2, Room 6135. The symbols do not identify your case but refer to its location.

If you do not protest this ruling in a timely manner, it will be considered by the Internal Revenue Service as a failure to exhaust available administrative remedies. Section 7428(b)(2) of the Code provides: "A declaratory judgment or decree under this section shall not be issued in any proceeding unless the Tax Court, the Court of Claims, or the district court of the United States for the District of Columbia determines that the organization involved has exhausted administrative remedies available to it within the Internal Revenue Service."

If we do not hear from you within 21 days, this ruling will be in effect. In such event, a copy of this ruling will be sent to the District Director, Boston, which is your key district for exempt organizations, and, as required by section 6106(c) of the Code, to the tax and charitable officials of Massachusetts. After that time, any further inquiries should be addressed to your key District Director.

Sincerely yours,

[REDACTED]

Chief, Rulings Section
Exempt Organizations
Technical Branch

cc: [REDACTED]

cc: [REDACTED]

cc: [REDACTED]